

COPY NO. 53 OCI NO. 0025/59

29 January 1959

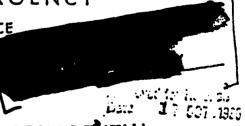
MERKY

SUMMARY



CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE



CONFIDENTIAL

OF IMMEDIATE INTEREST

BERLIN SITUATION

The Soviet leaders are continuing their efforts to create a political climate which they believe will force the West to agree to negotiations on terms favorable to the USSR or, failing this, make it more difficult for the Western powers to react firmly to a transfer of Soviet controls over Allied access to Berlin to the East Germans. Khrushchev and Mikoyan have made public statements intended to demonstrate Soviet flexibility and reasonableness on the German issue, while Soviet propagandists are stressing the lack of public support for Western policies on Berlin and Germany and Soviet sources are circulating rumors of a Soviet-American deal at the expense of the NATO allies.

Soviet Moves

Soviet First Deputy Premier Milioyan in his press conference in Moscow on 24 January sought to demonstrate Soviet "reasonableness" and flexibility on the Berlin issue by stating that the six-month period for negotiations fixed by Moscow's note of 27 November could be extended two or three months, if the USSR were convinced of Western willingness to negotiate "with the object of ending the occupation regime in West Berlin." He insisted that the "main thing in our proposal is not the date for ending the talks, but the necessity of their being held."

Khrushchev struck a similar note in his remarks at the Indian National Day reception on 26 January in Moscow. From Mikoyan's report, he said, "we

got the impression there is at least a possibility of a thaw in our relations" with the West. He asserted the USSR is "doing everything possible" but added that if the West is unwilling to thaw out the cold war, "we can make it colder."

Soviet spokesmen and propaganda are also trying to cast doubt on the firmness of the American positions on Berlin and German reunification by suggesting that Washington's policies do not command the support of the American people. In his public statements in Copenhagen and Moscow, Mikoyan stressed the alleged divergence between the desire of "most Americans" to end the cold war and the policies of the US Government. Trud, Literary Gazette, and Red Star have carried articles on this theme, the latter attacking the President's State of the Union and budget messages and claiming that "the alienation of the government from the people is clearly demonstrated by the November Congressional elections."

In a lecture in Moscow on 22 January, a speaker from the main political administration of the Soviet armed forces described alleged Western weakness and vacillation on the Berlin, question and predicted that the issue would be settled on Soviet terms. He stated that the situation appears more critical than it is. The crucial point, he said, is that the West will not fight over Berlin because it cannot.

The speaker claimed that Secretary Dulles has already



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started maneuvers to get out of a dead-end position because he realizes Western impotence in the face of the USSR's challenge. Dulles' "retreat" from his previous stand on free elections as the essential precondition for German reunification has triggered similar maneuvers in other Western capitals, according to the speaker. He noted there is already discussion of accepting a German confederation and that even West German officials are calling for a positive approach and alternate proposals.

Soviet spokesmen are seeking to capitalize on Mikoyan's visit to the United States by again circulating rumors of an impending bilateral deal between the United States and the USSR to settle world problems at the expense of the NATO allies. Soviet correspondents in Paris are promoting the line that the Mikoyan trip marked a "historic turning" in world affairs and that, while the results will emerge only gradually, the United States and the USSR-the only two real world powers-have embarked on bilateral arrangements to resolve outstanding issues on the basis of coexistence.

East Germany Seeks Recognition

The East German regime has continued its determined bid for international recognition, pinning its hopes on the expectation that the West will eventually have to deal with it on access to Berlin. The East Germans probably feel the Enviet Union is obligated to turn over its quadripartite responsibilities in Berlin as promised, no matter what else occurs on the international scene to alter the. German situation. This

expectation was reflected in East German party boss Ulbricht's blustery assurance in an interview on 23 January that it is "absolutely certain" that the Soviet Union will carry out its plan to transfer access controls.

The East Germans' expectation that the controls will be turned over to them is also reflected in plans to force the West to negotiate with them for commercial air rights. reportedly hope the West will refuse to accept their representation on the Berlin Air Safety Center, for they would then feel justified in taking up individual negotiations with the Western airlines for flights across East Germany that would terminate at Schoenefeld airfield in East Germany outside East Berlin, rather than at Tempelhof in West Berlin.

Such negotiations would not necessarily require diplomatic recognition, but they would substantially enhance East Germany's status as a sovereign state. Negotiations are said to be already under way with Swissair for air service to Switzerland--a logical beginning, since the Swiss are not bound by NATO's responsibilities regarding Firlin.

At the same time, Grotewohl's perambulations through
Asia failed to gain a higher
standing for East Germany in a
that area. West German officials
in India report that the East
German premier accomplished
"nothing significant" there and
that his bid for diplomatic or
consular representation was
firmly rejected by Nehru. His
visit was overshadowed by Tito's presence in India, and Yugoslav
representatives in New Delhi



pointedly snubbed the East German leader.

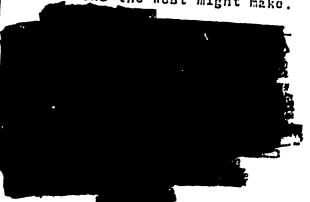
Western Attitudes

Against the background of Soviet probing and efforts to appear reasonable, the Yest European powers are considering how to reply to Moscow's 10 January note calling for a conference to conclude a peace treaty with Germany. Chancellor Adenauer would prefer that disarmament be the sole theme of any meeting, whereas London appears more interested in European security proposals.

The West German opposition parties continue to call for new counterproposals from Adenauer's government, and alternate solutions to the Berlin question are receiving wider consideration even within the chancellor's own party. Two Adenauer supporters in the Bundestag favor a plan to establish all of Berlin as a free city under international control.

To satisfy its allies, Bonn is attempting to display some flexibility. Government officials have indicated that free elections are not necessarily the first step toward unification. Adenauer no longer insists on a flat rejection of the 10 January Soviet note, and the Foreign Ministry is preparing the basis for a "constructive" reply.

Boan, however, is unlikely to offer any major concession on German unification in an Erst-West receipt. A top West German official recently said that his government's task was to maintain the "core of free Germany." He ruled out any disengagement plan or German confederation scheme by claiming that Moscow is not willing to permit German reunification, regardless of concessions the West might make.



De Gaulle and other French officials, although reiterating French determination to meet force with force on retaining Western access to Berlin, are maintaining their opposition to any prior agreed military plan which would automatically result in the use of force. Their insistence that the ultiinte decision to use force is a political one...to be taken by the West in the light of circumstances at the time-basically reflects their fear of involvement without choice.